



6450-01-P

DEPARTMENT OF ENERGY

Southwestern Power Administration

Sam Rayburn Dam Project Power Rate

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of Rate Order Approving an Extension of Power Rate
On an Interim Basis.

SUMMARY: The Deputy Secretary of Energy has approved and placed into effect on an interim basis Rate Order No. SWPA-65.

DATES: The effective period for the rate schedule specified in Rate Order No. SWPA-65 is October 1, 2012, through September 30, 2013.

FOR FURTHER INFORMATION CONTACT: Mr. James K. McDonald, Assistant Administrator, Southwestern Power Administration, Department of Energy, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6690, jim.mcdonald@swpa.gov

SUPPLEMENTARY INFORMATION: Rate Order No. SWPA-65, which has been approved and placed into effect on an interim basis, extends the existing power rate for the Sam Rayburn Dam Project (Rayburn), Rate Schedule SRD-08, Wholesale Rates for Hydro Power and Energy Sold to Sam Rayburn Dam Electric Cooperative, Inc., for a period of one year, through September 30, 2013.

The existing rate schedule for the Sam Rayburn Dam Project was confirmed and approved on a final basis by the Federal Energy Regulatory Commission (FERC) in the FERC Docket No. EF09-4021-000 (126 FERC ¶ 62244), issued March 30, 2009, for the period January 1, 2009, through September 30, 2012. However, the current rate schedule will expire

September 30, 2012. The Deputy Secretary of Energy is extending the project rate schedule through September 30, 2013.

Following Department of Energy guidelines, Southwestern Power Administration (Southwestern) prepared a 2012 Current Power Repayment Study using the existing Sam Rayburn Dam Project rate schedule and a Revised Power Repayment Study which indicated the need for an increase in annual revenues of \$193,896, or 4.9 percent, to meet repayment criteria. Southwestern's Administrator deferred a rate increase because the Administrator deemed it was in the best interest of the Government to do so as a result of benefits obtained by such a deferral, including reduced federal rate case expense and rate stability. The Deputy Secretary has determined, pursuant to the authority of 10 CFR 903.22(h) and 903.23(a)(3), to adopt a one-year interim extension of the Sam Rayburn Project Power Rate. The extension is required because the current rate expires September 30, 2012. Southwestern will reevaluate the ability of the existing rate to provide sufficient revenues to satisfy costs projected in the FY 2013 Power Repayment Studies.

Pursuant to the authority of Title 10, Part 903, Subpart A of the Code of Federal Regulations (10 CFR Part 903), Sections 903.22(h) and 903.23(a)(3), the Deputy Secretary of Energy may extend a FERC-approved rate on an interim basis. The Administrator, Southwestern Power Administration, has followed Title 10, Part 903 Subpart A, of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" in connection with the proposed rate extension. On August 21, 2012, Southwestern published notice in the Federal Register, (77 FR 50493), of the proposed rate extension for the Rayburn project. Southwestern provided a 30-day comment period as an opportunity for customers and other interested members of the public to review and comment on

the proposed rate extension. Southwestern received one comment during the public comment period. The comment, on behalf of Sam Rayburn Dam Electric Cooperative, Inc., expressed no objection to the rate extension through September 30, 2013.

Following review of Southwestern's proposal within the Department of Energy and pursuant to authorities granted in Title 10, Part 903, Subpart A of the Code of Federal Regulations (10 CFR Part 903), Sections 903.22(h) and 903.23(a)(3), Rate Order No. SWPA-65, which extends the existing Sam Rayburn Dam Project rate schedule for one year through September 30, 2013, is approved.

Dated: November 7, 2012

Daniel B. Poneman
Deputy Secretary

The Sam Rayburn Dam (Rayburn) is located on the Angelina River in the State of Texas in the Neches River Basin. Since the beginning of its operation in 1965, it has been marketed as an isolated project, under contract with Sam Rayburn Dam Electric Cooperative, Inc. (SRDEC) (Contract No. DE-PM75-92SW00215). SRDEC is comprised of two separate entities, the Sam Rayburn G&T, and the Sam Rayburn Municipal Power Agency.

In the FERC Docket No. EF09-4021-000 (126 FERC ¶ 62244), issued March 30, 2009, for the period January 1, 2009, through September 30, 2012, the FERC confirmed and approved the current annual Rayburn rate of \$3,949,872. However, the current rate schedule will expire September 30, 2012. The Deputy Secretary of Energy is extending the project rate schedule through September 30, 2013.

DISCUSSION

Following Department of Energy guidelines, Southwestern prepared a 2012 Current Power Repayment Study using the existing Sam Rayburn Dam Project rate schedule. The study shows the cumulative amortization through FY 2011 at \$24,993,504 on a total investment of \$30,254,778. The FY 2012 Revised Power Repayment Study indicates the need for an increase in annual revenues of \$193,896, or 4.9 percent, to meet repayment criteria.

Southwestern deferred the indicated rate adjustment because it fell within Southwestern's plus-or-minus five percent isolated project rate adjustment threshold and proposed extending the current rate through September 30, 2013. The threshold was developed to add efficiency to the process of maintaining adequate rates and is consistent with cost recovery criteria within DOE Order Number RA 6120.2 regarding rate adjustment plans. The extension is required because the current rate expires September 30, 2012. Southwestern will reevaluate the ability of the

existing rate to provide sufficient revenues to satisfy costs projected in the FY 2013 Power Repayment Studies.

Title 10, Part 903, Subpart A of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions," has been followed in connection with the rate extension. Opportunities for public review and comment during a 30-day period on the proposed Rayburn power rate extension were announced by a *Federal Register* (77 FR 50493) notice published on August 21, 2012. Written comments were accepted through September 20, 2012. Southwestern provided the *Federal Register* notice to the customer and interested parties for review and comment during the formal period of public participation. In addition, prior to the formal 30-day public participation process, Southwestern discussed with the customer representatives the proposed rate extension. Only one formal comment was received from Gillis & Angley, LLP, Counsellors at Law, on behalf of Sam Rayburn Dam Electric Cooperative, Inc., which stated that they had no objection to the proposed rate extension.

Upon conclusion of the comment period in September 2012, Southwestern finalized the rate schedule extension for the annual rate of \$3,949,872 to be extended for one year through September 30, 2013. This rate extension will allow the FY 2013 Power Repayment Studies to evaluate the ability of the existing rate to provide sufficient revenues to accomplish repayment in the required number of years.

COMMENTS AND RESPONSES

Southwestern received one comment during the public comment period. The comment, on behalf of Sam Rayburn Dam Electric Cooperative, Inc., expressed no objection to the rate extension through September 30, 2013.

ORDER

In view of the foregoing and pursuant to the authority to extend rates, previously confirmed and approved by FERC, on an interim basis, of Title 10, Part 903, Subpart A of the Code of Federal Regulations (10 CFR Part 903), Sections 903.22(h) and 903.23(a)(3) , I hereby extend on an interim basis, for the period of one year, effective October 1, 2012 through September 30, 2013, the current FERC approved Sam Rayburn Dam Project Rate for the sale of power and energy.

Dated: November 7, 2012

Daniel B. Poneman
Deputy Secretary

[FR Doc. 2012-27674 Filed 11/13/2012 at 8:45 am; Publication Date: 11/14/2012]